



**ASX / MEDIA RELEASE
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CROWN ANNOUNCES 2020 FULL YEAR RESULTS

MELBOURNE: Crown Resorts Limited (ASX: CWN) (Crown) today announced its results for the full year ended 30 June 2020:

- **Crown Resorts Limited performance:**
 - Reported EBITDA of \$504.6 million, down 40.6%
 - Reported NPAT attributable to the parent of \$79.5 million, down 80.2%
 - Theoretical¹ EBITDA before Closure Costs² and Significant Items of \$503.8 million, down 37.2%
 - Theoretical NPAT attributable to the parent before Closure Costs and Significant Items of \$161.0 million, down 56.3%
 - Closure Costs of \$81.6 million (net of tax), which includes costs incurred during the mandated closure of Crown's properties and investments, and Significant Items of \$78.7 million (net of tax), relating to the impairment of Crown Aspinalls and Nobu, Crown Sydney pre-opening costs and costs related to a reassessment of DGN contingent consideration, were recorded during the period³
 - No final dividend declared (total full year dividend of 30 cents per share)
- **Australian resorts performance:**
 - Actual revenue⁴ of \$2,214.9 million, down 25.7%
 - Theoretical revenue of \$2,091.1 million, down 29.2%
 - Main floor gaming revenue of \$1,235.2 million, down 26.9%
 - VIP program play turnover of \$20.4 billion, down 46.5%
 - Actual VIP revenue⁴ of \$398.2 million, down 26.0%
 - Non-gaming revenue of \$581.5 million, down 22.7%

Crown's Chief Executive Officer and Managing Director, Mr Ken Barton, said:

"2020 has been an extremely challenging year. From late January 2020, Crown began to experience softer trading conditions as a result of travel restrictions and general community uncertainty in response to COVID-19, particularly impacting visitation to Crown Melbourne. In March 2020, Crown was directed to close its gaming activities and a significant part of its non-gaming operations at Crown Melbourne and Crown Perth for an extended period, with our financial results reflecting the impact of these closures.

"These closures have also had a substantial impact on our people, with approximately 95% of our employees stood down following closure. I would like to thank our employees for their continued patience and support during this challenging time.

1 Theoretical results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth and Crown Aspinalls). The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the theoretical result gives rise to adjustments to VIP program play revenue, operating expenses and income tax expense. Crown believes that theoretical results are the relevant measure of viewing performance of the business as it removes the inherent volatility in VIP gaming revenue. Theoretical results are a non-IFRS measure.

2 Costs incurred whilst Crown's properties were closed due to Government direction, excluding costs in relation to hotel quarantine services and Crown Digital (Closure Costs).

3 Significant Items with a net \$nil value were recorded in the prior comparable period, with an impairment charge of \$48.9 million recorded against DGN's goodwill offset by a corresponding reduction to the contingent consideration associated with the acquisition of Winners Club Limited.

4 Before VIP commission adjustment.

“As a result of the impact on Crown’s businesses, Crown qualified for the Commonwealth Government’s JobKeeper program, which has helped support thousands of our employees.

“In addition, Crown has established a Hardship Fund to provide additional, targeted financial assistance to employees experiencing serious financial hardship as a result of COVID-19. This program is in addition to the many other programs Crown has established to support employees during this unprecedented time.

“Crown Perth re-commenced operations before year end. We are pleased to have been able to welcome back both customers and employees, which is a great step forward for us all and a great boost to the Western Australian economy. Initial trading has been encouraging, albeit under restricted operating conditions and for a relatively short period of time.

“Unfortunately, Victoria remains in Stage 4 restrictions and, as a result, Crown Melbourne remains closed. Our main focus continues to be on the health and wellbeing of our employees and guests, as well as the community more broadly. We will continue to work with the Government and health authorities on how we can safely re-open when it is appropriate to do so.

“Given this backdrop, Crown has been focussed on liquidity management to ensure it is well placed to withstand this extended period of closure. I would once again like to acknowledge the support we have received from our relationship lenders, with new bilateral facilities implemented during the year and the execution of the Crown Sydney financing facility following year end.

“Despite the challenges of COVID-19, the construction of Crown Sydney has continued throughout this period and it’s a credit to our team that it remains on track for its scheduled December opening. Crown Sydney is already providing significant employment for Australian businesses with almost 1,300 workers currently employed and expected to remain on site to complete the fit-out. Once fully operational, Crown Sydney is expected to employ over 2,000 people, providing a significant boost for the New South Wales hospitality industry.

“The inquiry established by ILGA in New South Wales has resumed, with public hearings recommencing on 27 July 2020. Crown will continue to fully co-operate in relation to the inquiry.”

CHANGED OPERATING CONDITIONS

During the year, Crown was directed by relevant State and Federal Governments to modify its operating conditions and ultimately suspend its gaming activities and other non-essential services in response to the COVID-19 pandemic. The Government-mandated closures were effective from 20 March 2020 for Crown Aspinalls and 23 March 2020 for Crown Melbourne and Crown Perth.

As a result of the mandated closure of Crown’s properties, Crown was forced to substantially reduce its workforce through a series of stand downs. On 16 April 2020, Crown announced that it had progressively stood down, on either a full or partial basis, approximately 95% or over 11,500 of its employees.

Gaming activities at Crown Melbourne and Crown Aspinalls remained closed through to 30 June 2020.

With effect from 27 June 2020, Crown Perth re-commenced gaming activities and the operation of the majority of its food and beverage venues under temporary restrictions agreed with the Western Australian Government, including:

- capacity limits at each venue based on a prescribed maximum density of at least two square metres of space for each person;
- physical distancing between patrons at electronic gaming machines and electronic table games, including the deactivation of every second electronic gaming machine and electronic table game terminal;
- restricting the number of players at table games; and
- enhanced hygiene protocols.

During the year, Crown Melbourne and Crown Perth qualified for the Commonwealth Government’s JobKeeper program. Through this program, Crown recorded \$43.4 million in payroll subsidies relating to the period through to 30 June 2020 for employees that continued to work in either a full or partial capacity. In addition, Crown recorded \$67.9 million in JobKeeper payments relating to the period through to 30 June 2020 on behalf of employees that were stood down which were paid in their entirety to Crown’s employees.

2020 FINANCIAL RESULTS

Detailed information on each reporting segment relating to the 2020 financial year is provided below.

During the mandated closure period, whilst Crown did not generate any gaming revenues, Crown continued to incur expenses to maintain its operations and corporate responsibilities. Crown has separately identified these costs in reporting its results for the full year ended 30 June 2020.

CROWN MELBOURNE

Theoretical revenue of \$1,477.8 million was down 31.4% on the prior comparable period (pcp).

Main floor gaming revenue was \$890.6 million, down 27.9% on the pcp, which comprises table games (non-program play) revenue of \$548.7 million (down 29.0% on the pcp) and gaming machine revenue of \$341.9 million (down 26.1% on the pcp).

Theoretical VIP program play revenue was \$224.9 million, down 49.1% on the pcp, with turnover of \$16.7 billion. Actual VIP program play revenue was \$352.3 million, down 22.4% on the pcp, with an above theoretical win rate on VIP program play turnover during the period.

Non-gaming revenue was \$362.3 million, down 24.3% on the pcp.

Overall hotel occupancy across Crown Melbourne's three hotels was approximately 82%, with Crown Towers hotel occupancy 70.7%, Crown Metropol hotel occupancy 86.8% and Crown Promenade hotel occupancy 87.5%. These rates include hotel rooms that were provided to the Victorian Government for the purpose of quarantining returned travellers.

Theoretical EBITDA before Closure Costs was \$354.3 million, down 39.9% on the pcp. Costs incurred during the mandated closure of Crown Melbourne were \$65.8 million for the year. These Closure Costs are net of \$26.6 million in payroll subsidies under the Commonwealth Government's JobKeeper program. Theoretical EBITDA after Closure Costs of \$288.5 million was down 51.1% on the pcp.

Reported EBITDA for the period was \$381.8 million, down 37.9% on the pcp. The reported EBITDA result takes into account the variance from the theoretical VIP program play result which had a positive EBITDA impact of \$93.3 million. This compares to a positive EBITDA impact of \$25.5 million in the pcp.

The overall theoretical operating margin before Closure Costs decreased from 27.3% to 24.0%. The decline in margin was largely due to the decline in revenues and an increase in labour costs over the period prior to closure.

CROWN PERTH

Theoretical revenue of \$613.3 million was down 23.3% on the pcp.

Main floor gaming revenue was \$344.6 million, down 24.1% on the pcp, which comprises table games (non-program play) revenue of \$137.6 million (down 26.4% on the pcp) and gaming machine revenue of \$207.0 million (down 22.6% on the pcp).

Theoretical VIP program play revenue was \$49.5 million, down 31.2% on the pcp, with turnover of \$3.7 billion. Actual VIP program play revenue was \$45.9 million, down 45.6% on the pcp, with a below theoretical win rate on VIP program play turnover during the period.

Non-gaming revenue was \$219.2 million, down 19.7% on the pcp.

Overall hotel occupancy across Crown Perth's three hotels was approximately 66%, with Crown Towers hotel occupancy 61.1%, Crown Metropol hotel occupancy 68.8% and Crown Promenade hotel occupancy 70.2%. These rates include hotel rooms that were provided to the Western Australian Government for the purpose of quarantining returned travellers.

Theoretical EBITDA before Closure Costs was \$161.8 million, down 27.1% on the pcp. Costs incurred during the mandated closure of Crown Perth were \$19.7 million for the year. These Closure Costs are net of \$16.8 million in payroll subsidies under the Commonwealth Government's JobKeeper program. Theoretical EBITDA after Closure Costs of \$142.1 million was down 36.0% on the pcp.

Reported EBITDA for the period was \$154.2 million, down 37.0% on the pcp. The reported EBITDA result takes into account the variance from the theoretical VIP program play result which had a positive EBITDA impact of \$12.1 million. This compares to a positive EBITDA impact of \$22.8 million in the pcp.

The overall theoretical operating margin before Closure Costs decreased from 27.8% to 26.4%. The decline in margin was driven by soft revenues and increasing labour costs over the period prior to closure.

CROWN ASPINALLS

Theoretical EBITDA before Closure Costs was a loss of \$2.7 million. Costs incurred during the mandated closure of Crown Aspinalls were \$1.2 million. These Closure Costs are net of \$2.6 million in Coronavirus Job Retention Scheme payments under the employee retention scheme in operation in the UK. Theoretical EBITDA after Closure Costs was a loss of \$3.9 million.

Reported EBITDA for the period was \$2.3 million, down 58.7% on the pcp. The reported EBITDA result takes into account the variance from the theoretical VIP program play result which had a positive EBITDA impact of \$6.2 million. This compares to a negative EBITDA impact of \$0.7 million in the pcp.

CROWN DIGITAL

Crown's wagering and online social gaming operations comprise Betfair Australasia (a 100% owned, online betting exchange) and DGN Games (an 85% owned, online social gaming business).

Crown's wagering and online social gaming operations continued to operate throughout the year.

EBITDA from Crown's wagering and online social gaming operations was \$34.7 million, up 32.9% on the pcp. The improved EBITDA result was driven by strong performances from both Betfair and DGN.

CORPORATE COSTS

Corporate costs before Significant Items during the year were \$64.9 million, \$23.2 million above the pcp. The increase in Corporate costs was driven by an increase in insurance costs and costs associated with regulatory inquiries, whilst prior year Corporate costs included certain one-off benefits. In addition, during the period Crown provided support for Australians impacted by the summer bushfires.

The above Corporate costs before Significant Items of \$64.9 million includes \$20.6 million of costs incurred during the mandated closure of Crown's properties.

For the period from 16 April 2020 through to 30 June 2020, Crown's Chief Executive Officer and Managing Director and certain other members of senior management took a 20% reduction in fixed salary, whilst Crown's Chair and Non-Executive Directors took a 20% reduction in Director's fees.

Corporate costs are expected to be higher next year as a result of the full year impact of the increase in insurance costs.

EQUITY ACCOUNTED INVESTMENTS

Crown's equity accounted result is comprised of its net equity accounted share of NPAT from Nobu, Aspers Group and Chill Gaming.

In addition to the mandated closure of Crown's core businesses, Crown's associates Aspers and Nobu were also subject to mandated closure orders. Crown's net equity accounted share of associates NPAT excluding losses associated with this closure period was \$6.7 million. Crown's net equity accounted share of losses from Aspers and Nobu during the closure period was \$6.4 million.

SIGNIFICANT ITEMS

During the period, the following have been classified as Significant Items:

	\$m
Crown Sydney pre-opening costs	(3.5)
Impairment – Crown Aspinalls	(52.8)
Impairment – Nobu	(21.7)
Reassessment of DGN contingent consideration	(1.7)
Tax amounts in Significant Items	1.0
Significant Items (net of tax)	(78.7)

CASH FLOW AND DEBT

Net operating cash flow for the period of \$326.9 million compared to net operating cash flow of \$778.1 million in the pcp. Other material cash flow items incurred during the period included capital expenditure of \$746.2 million, which includes the acquisition of the Schiavello Group's 50% ownership interest in the One Queensbridge development site as well as all pre-development assets for approximately \$80 million, and dividend payments of \$406.2 million.

In November 2019, Crown redeemed its Australian Medium Term Notes, which reduced Crown's gross debt by approximately \$259 million. In April 2020, Crown entered into new bilateral facilities with relationship banks for a total of \$560 million, with a mix of two and four year maturities.

At 30 June 2020, Crown's net debt position was \$891.5 million (excluding working capital cash of \$48.4 million). This consisted of total debt of \$1,130.0 million and cash (excluding working capital cash) of \$238.5 million.

Given the uncertainty surrounding the ongoing closure of Crown Melbourne, Crown has secured agreement from its lenders for a waiver of banking covenants in relation to the 31 December 2020 testing date. No waiver was required for the 30 June 2020 testing date.

At 30 June 2020, total liquidity, excluding working capital cash, was \$639.8 million, represented by \$238.5 million in available cash and \$401.3 million in committed undrawn facilities.

The previously announced \$450 million project finance facility to support the construction of Crown Sydney was executed following year end.

NET INTEREST

Net interest expense for the period was minimal, which compared to a net interest expense of \$10.1 million in the pcp. The reduction in net interest expense reflects the increased capitalised interest associated with the construction of the Crown Sydney project.

INCOME TAX EXPENSE

Theoretical income tax expense before Closure Costs and Significant Items was \$71.6 million, \$90.4 million below the pcp.

During the period, Crown reached agreement with the Australian Taxation Office to settle a tax dispute in relation to the tax treatment of some of the financing for Crown's investment in Cannery Casino Resorts in North America for the financial years ended 30 June 2009 to 30 June 2016 and related issues arising in respect of the financial years ended 30 June 2015 to 30 June 2018.

The terms of the settlement agreement are confidential. The settlement does not result in material impacts to Crown's current or future year financial results.

CROWN SYDNEY PROJECT

The Crown Sydney Hotel Resort is in the final stages of construction with the 275 metre tower reaching the significant “Topping Out” milestone in May 2020, marking the completion of vertical construction. Construction of the hotel guestrooms and suites located on floors 6-23 are substantially complete. The podium structure and façade are complete with interior fit out well advanced across all areas.

The residential component of the project, “One Barangaroo”, which is located in the upper portion of the tower, is progressing on schedule with the first residents scheduled to move into the building in March 2021.

With over 1,300 workers on site finalising the project, the hotel resort remains on schedule to open progressively from December 2020. Recruitment activities are underway for the 2,000 people expected to be employed at Crown Sydney once it is fully operational, who will help bring Crown Sydney to life.

Crown has invested approximately \$1.7 billion into the Crown Sydney project to date. The total project cost remains unchanged, with the gross project cost expected to be approximately \$2.2 billion and the net project cost expected to be approximately \$1.4 billion.

ILGA INQUIRY

The inquiry established by the New South Wales Independent Liquor and Gaming Authority (ILGA) (Inquiry) has resumed. Out of respect for the Inquiry’s process, Crown will not be commenting on the Inquiry at this time. Crown is continuing to explore ways to enhance its compliance and governance processes, including with respect to matters the subject of the Inquiry.

RECENT TRADING

Gaming activities re-commenced at Crown Perth on 27 June 2020, with a significant number of employees having now returned to full duties. Whilst only for a relatively short period of time, the initial trading performance has been encouraging given the operating restrictions which remain in place, including physical distancing requirements and limited product availability.

For the period 1 July to 16 August 2020, Crown Perth’s main floor gaming revenue (excluding VIP program play revenue) was up approximately 18% on the pcp, however non-gaming revenue was down approximately 24% on the pcp.

Over this period, Crown Perth’s VIP program play turnover has been minimal due to the ongoing international border restrictions.

Crown notes the Commonwealth Government’s announcements in relation to the extension of the JobKeeper program. Based on current trading levels, Crown Perth is not expected to qualify for the JobKeeper program beyond 27 September 2020. However, it is expected that Crown Melbourne will continue to qualify for the JobKeeper program beyond 27 September given the continued closure of that property.

Gaming activities re-commenced at Crown Aspinalls on 15 August 2020.

DIVIDEND

Crown’s dividend policy is to pay 60 cents per share on a full year basis, subject to Crown’s financial position.

Having regard to the impact on Crown’s businesses from the mandatory closures and the uncertainty surrounding the resumption of trading at Crown Melbourne, the Board has determined not to declare a final dividend on ordinary shares. Future dividends will be subject to the Board’s assessment of Crown’s financial position at the appropriate time.

EMPLOYEE AND COMMUNITY SUPPORT

During the year, Crown has sought ways to support its employees and the community.

The Crown Resorts Foundation, together with the Packer Family Foundation, donated \$5 million to the Australian bushfire relief. Crown was also involved in a number of other initiatives which raised more than \$550,000 for various charities and causes. These initiatives included personal donations from over 1,500 Crown employees that were matched dollar for dollar by Crown, hosting of benefit concerts and providing 115 room nights to bushfire evacuees.

Following the mandated closure of Crown's properties, Crown provided an ex gratia payment of two weeks' pay to full-time and part-time employees (other than senior management) and a lump sum payment of \$1,000 to eligible casual workers to support employees who were stood down. Employees were also able to draw down on existing annual and long-service leave entitlements in a range of flexible manners.

To provide additional targeted support to employees experiencing serious financial hardship as a result of COVID-19, Crown has established a Hardship Fund. To date, financial assistance has been provided to approximately 430 employees.

In addition to these financial support programs, Crown has established a range of other employee support programs such as the Crown Community Jobs Network to connect employees with employment opportunities outside of Crown, as well as ongoing access to Crown's assistance and wellness program.

Crown has also worked in close consultation with State and Commonwealth Governments to make its facilities available to support the communities in which it operates during the COVID-19 pandemic.

To that end, Crown Melbourne is working with the Victorian Government and service providers to provide safe accommodation, at no cost, to those experiencing family violence. The program includes the provision of hotel rooms, food and other amenities such as meeting facilities for the provision of counselling services in a safe environment. To date, Crown has provided over 500 room nights under this program.

In addition, Crown assisted State Governments to accommodate those who are required to self-isolate for two weeks when returning from overseas. During the year, approximately 950 rooms in Melbourne and approximately 600 rooms in Perth were made available under this program.

CONFERENCE CALL

Crown's Chief Executive Officer and Managing Director, Mr Ken Barton, will host a conference call for investors and analysts at 12:00pm AEST today to discuss this announcement.

A link to an audio webcast of the conference call will be available on Crown's website at <https://www.crownresorts.com.au/investors-media/investor-timetable>.

ENDS

This announcement was authorised for release by the Crown Board.

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COPIES OF RELEASES

Copies of previous media and ASX announcements issued by Crown are available at Crown's website at www.crownresorts.com.au